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Fiscal Note

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Prime Sponsors:	Sen. Buckner; Lundeen Rep. Michaelson Jenet	Bill Status:	Senate Education
		Fiscal Analyst:	Anna Gerstle 303-866-4375 anna.gerstle@coleg.gov

Bill Topic: CONSOLIDATE COLORADO EDUCATOR PROGRAM IN CDE

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill consolidates the authority to approve and oversee educator preparation programs under the State Board of Education in the Colorado Department of Education. The bill impacts state revenue and on net, increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2023-24, the bill requires an increase and decrease in appropriations to multiple state agencies. See State Appropriations Section.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under SB 23-258**

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-
Expenditures	General Fund	(\$46,687)	(\$45,216)
	Cash Funds	\$108,990	\$118,413
	Centrally Appropriated	\$10,621	\$14,444
	Total Expenditures	\$72,924	\$87,641
	Total FTE	0.5 FTE	0.7 FTE
Transfers		-	-
Other Budget Impacts	TABOR Refund	up to \$22,126	up to \$22,126
	General Fund Reserve	(\$7,003)	(\$6,782)

Summary of Legislation

Under current law, educator preparation programs offered by public and private institutions of higher education are jointly authorized by the Department of Higher Education (DHE) and the Colorado Department of Education (CDE). The bill consolidates the authorization of educator preparation programs under the State Board of Education (SBE) in CDE.

The SBE must adopt rules establishing the program requirements and review processes, including the same components as are currently required to be in DHE policies. The bill makes modifications to align with CDE structure and recent changes to teacher licensure, and extends the number of years that program may exist without graduating a student from four years to five. CDE may assess a fee for authorization in order to cover administrative costs.

The bill repeals the authority of the Commission on Higher Education (CCHE) and DHE to approve educator preparation programs, and requires that the SBE consider any recommendations by the CCHE when considering approval or continuation of a program. DHE must continue to share data as needed with CDE.

The bill also repeals an annual survey of superintendents regarding licensed principals and principal licensure standards.

Background and Assumptions

There are approximately 50 educator preparation programs in the state, provided by state institutions of higher education and other providers, including private colleges, school districts, non-profits, and other organizations. Programs at public and private institutions of higher education are jointly reviewed by CDE and DHE, with decision making by the CCHE. Alternative educator preparation programs are solely overseen by CDE.

The fiscal note assumes that up to six programs are jointly reviewed by CDE and DHE each year, with an additional three alternative programs reviewed solely by CDE each year. The fiscal note assumes that one new program, two large programs, and three small programs will be reviewed for authorization each year and will have costs shift from DHE to CDE under the bill.

State Revenue

Under current law, institutions of higher education cover the travel and review team costs when their programs are reviewed by the DHE, as either a fee or an indirect cost recovery. Under the bill, these costs are instead paid to CDE, to be deposited in the Educator Licensure Cash Fund. The fiscal note assumes these fees will likely offset, and there is no net change in state revenue. Table 2 shows an estimate of the fee revenue that will shift from DHE to CDE in FY 2023-24 and FY 2023-24. To the extent that licensing expenses that are currently paid by institutions of higher education that operate as TABOR enterprises are instead paid to CDE as fees, a portion of this revenue will become subject to TABOR.

Table 2
Annual Fee Revenue for Educator Preparation Programs

Type of Fee	Estimated Fee	Number Affected	Total Revenue
New Program Authorization	\$1,420	1	\$1,420
Reauthorization – Large Program	\$7,743	2	\$15,486
Reauthorization – Small Program	\$1,740	3	\$5,220
Total		6	\$22,126

Additionally, the staffing costs in CDE to implement the bill will be paid out of the Educator Licensure Cash Fund. In the short term, the cash fund can cover those costs; however, in the future years, educator licensure fees may be adjusted to cover the staffing cost as part of the CDE’s broader fee setting process.

State Expenditures

On net, the bill increases state expenditures by \$72,924 in FY 2023-24 and \$87,641 in FY 2024-25. This reflects an expenditure increase in CDE, paid from the Educator Licensure Cash Fund, and a decrease in General Fund expenditures in DHE. Expenditures are shown in Table 3 and detailed below.

Table 3
Expenditures Under SB 23-258

	FY 2023-24	FY 2024-25
Department of Education		
Personal Services	\$79,114	\$94,937
Operating Expenses	\$1,080	\$1,350
Capital Outlay Costs	\$6,670	-
Travel and Review Panel Costs	\$22,126	\$22,126
Centrally Appropriated Costs ¹	\$16,227	\$19,912
FTE – Personal Services	0.8 FTE	1.0 FTE
Dept. Subtotal	\$125,217	\$138,325
Department of Higher Education		
Personal Services	(\$24,561)	(\$23,090)
Travel and Review Panel Costs	(\$22,126)	(\$22,126)
Centrally Appropriated Costs ¹	(\$5,606)	(\$5,468)
FTE – Personal Services	(0.3 FTE)	(0.3 FTE)
Dept. Subtotal	(\$52,293)	(\$50,684)
Total Costs	\$72,924	\$87,641
Total FTE	0.5 FTE	0.7 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Education. Beginning in FY 2023-24, CDE requires staff to oversee authorization of educator preparation programs and will incur travel and review team costs, as discussed below.

- **Staffing.** CDE requires 1.0 FTE to oversee authorization of educator preparation programs, coordinate with the SBE, and manage the process. The cost will be paid out of the Educator Licensure Cash Fund, and is prorated for a September start date in the first year. Standard capital outlay and operating expenses are included.
- **Travel and review team costs.** CDE will incur costs for consultants, subject matter experts, or other staff to participate in the review of educator preparation programs, including document review, report preparation, and conducting an onsite visit. These costs are estimated at between 24 and 70 hours, depending on the size and scope of the review, and paid at a rate of \$59.18 per hour. Travel costs assume small program require one day on site and large programs require three days on site. Travel and review team costs are paid out of the Educator Licensure Cash Fund, but covered by fees paid by program providers.

Department of Higher Education. DHE will have a reduction in costs, as the department will no longer be responsible for overseeing educator preparation programs. The fiscal note assumes that the department will have a reduction of 0.3 FTE and the costs associated with travel and review panels that will now be incurred by CDE. The reduction in FTE is prorated for a September start date. Existing staff in DHE will continue to support CDE's work, including participating in site visits and providing subject matter expertise.

Institutions of higher education. State institutions of higher education may see a minimal change in their workload and costs to apply to CDE for reauthorization instead of DHE. Any change is minimal.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by up to \$22,000 per year. This estimate assumes the March 2023 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2024-25. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to decrease the amount of General Fund held in reserve by the amounts shown in Table 1, increasing the amount of General Fund available for other purposes.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires the following changes in appropriations:

- an increase of \$108,990 from the Educator Licensure Cash Fund to the Colorado Department of Education, and 0.8 FTE.
- a decrease \$46,687 from the General Fund to the Department of Higher Education, and a reduction of 0.3 FTE.

Departmental Difference

The DHE estimates that an additional 1.0 FTE is required to participate in the educator preparation program authorization process under CDE, including participating in site visits, coordinating with institutions, and supporting review of components for which DHE has the subject matter expertise. The fiscal note assumes that the bill results in a workload decrease for DHE equal to about 0.3 FTE and that remaining staff is sufficient to participate in site visits and support program review as workload allows.

State and Local Government Contacts

Education

Higher Education

Law